



Clarksons Platou  
Securities AS

## Conflict of Interest Policy | Clarksons Platou Securities AS

This document sets out the Conflict of Interest Policy in force for Clarksons Platou Securities AS as required by the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and prevailing Norwegian laws and regulations.

Last Updated February 2018



Clarksons Platou Securities AS  
Investment Banking | Oslo

Munkedamsveien 62 C  
0270 Oslo, Norway

Tel: +47 22 01 63 00  
Fax: +47 22 01 63 10

Org.no: 942 274 238  
<http://securities.clarksons.com>



# 1 Introduction

Clarksons Platou Securities AS ("CPS") shall safeguard our clients' interests in the best possible manner and must pursuant to applicable laws and regulations take all reasonable steps to identify conflict of interests between (i) CPS and our clients and (ii) between our clients.

CPS is organized in such a way that the risk of conflict of interests is limited to a minimum. CPS' policy is to ensure fair treatment for clients and investors by internal rules of confidentiality, by declining to act, or otherwise by disclosure if deemed appropriate. CPS will ensure that client's interests take precedence over its own interests and will not unfairly place its own interests above those of its clients.

# 2 Identification of Conflict of Interest

During the normal course of business, in relation to any transactions we arrange for a client, CPS may have an interest, relationship, arrangement or duty which is material or which may give rise to a conflict with a client's interest in relation to an investment or transaction. CPS will take all necessary steps to ensure fair treatment for the client in relation to any such transactions and will ensure that any conflict does not adversely affect the interests of the client.

CPS is engaged in activities based on a business model which includes Investment Banking, Equity and Credit Sales and Trading and Equity and Credit Research departments with the addition of all support functions like settlement, accounting etc.

The Investment Banking department acts on behalf of issuers and companies and seeks to perform its assignments in the best interests of its principals. The Sales and Trading Department performs its assignments in the best interest of investors/clients and the research department serves as support function to the sales and trading department and its interests are aligned to serve the interest of investors/clients.

The activities of all departments are continuously monitored to validate that all requirements are followed in practice and will continuously evaluate which measures are adequate in this respect. See also "Prevention and Management of conflicts" below.

When identifying conflicts of interest that may arise between CPS or any person linked to CPS and a client, or between one client and another, CPS shall as a minimum consider if CPS or a employee or a person directly or indirectly associated to CPS;

- Is likely to make a financial gain or avoid a financial loss at the expense of the client;
- Has an interest in the outcome of the service provided to the client or of the transaction that is carried out on behalf of the client, which is different from the client's interest;
- Has a financial or other incentive to favor the interest of another client or group of clients over the interests of the client;
- Conducts the same type of business as the client; or
- Receives or will receive from a person other than the client an inducement in the form of money, goods or services other than the standard commission or fee for the service in question.



### 3 General Management of Conflicts

In order to manage conflicts of interest, CPS has in place internal policies to ensure that its different business areas operate independently of each other and restrict access by the particular employee(s) responsible for handling a client's affairs to certain areas of information. These policies include inter alia:

- Information barriers (Chinese Walls) to segregate confidential information between departments and between employees
- Confidentiality Policies
- Conflict of Interest Policy
- Remuneration Policy
- Best Execution Policy
- Ethical Guidelines
- Insider Trading Policy
- Anti-Corruption Policy
- Own Account trading Policy
- Proprietary Trading Policy
- Deal Committee Policy
- Allocation Policy

In addition, CPS' compliance department monitors communication and correspondence internally and externally in order to ensure independence of departments and other legal entities within the Group and our clients. Relevant information is recorded and stored securely. Our systems and electronic platforms are reviewed regularly and Compliance reviews all electronic access at least annually.

In certain circumstances, the following measures are necessary to ensure adequate management of a conflict of interest:

- Implementation of additional information segregation methods or other ad-hoc arrangements;
- Escalation of a question or matter to senior management (the Executive Committee);
- Declining personal staff requests for interests which may involve a conflict;
- Declining to act for a client or to engage in a specific transaction or project; or
- Certain staff may be asked to step aside from working on a specific transaction or participating in the management of a potential conflict of interest.



## 4 Prevention and handling of conflicts

Below is a more detailed overview of potential conflicts that may arise. Note that the overview is not exhaustive, however sets forth situations that may lead to a conflict of interest and how it is solved.

### 4.1 Investment Banking

#### 4.1.1 Conflicts between interests of the Investment Banking department and Sales and Trading departments in transactions

CPS has established appropriate Chinese walls (including confidentiality obligations and restricted access both physical and electronic) between the Investment Banking Department and other employees in the CPS Group. Any information exchange between the Investment Banking Department and the Sales and Trading department is limited on a need to know basis and is closely monitored by Compliance.

The conduct of employees in the Investment Banking Department in preparing written materials, participating in presentations, giving investment advice etc. in course of their ordinary business are characterised by high professional integrity to ensure that adequate and identical information is provided to all investors.

Investment Banking clients (issuers of securities) and investor clients are counterparties in transactions whereof securities are issued or sold and will have conflicts of interests relating to pricing. CPS' Investment Banking department will act on behalf of the issuers and all key terms (including allocation principles) will be known through the investor material available to all clients. Pricing (if not fixed prior to launch) will be finally determined by the issuer's Board of Directors, based on allocation principles set prior to launch and in accordance with market practice.

#### 4.1.2 Conflicts between the Investment Banking department and Equity and Credit Research Department

Chinese walls have been established between the Equity and Credit Research Department and the Investment Banking Department (see above). In addition, CPS has several policies designed to avoid conflicts of interests between CPS' research analysts and the interests of the persons to whom the research is distributed, hereunder disclosure policies in research reports, remuneration policies, independency and integrity in preparing research reports etc.

The activities and communication of the Equity and Credit Research Department are monitored by Compliance in order to avoid influence between the departments and compliance with laws, regulations and internal policies.

### 4.2 Conflicts between investor clients

#### 4.2.1 Execution of orders

Conflicts of interest may arise between clients in connection with the execution of purchase and/or sell orders in the event it is not possible to execute all client orders at the price and/or volume set by the client. Clients' orders are, in principle, to be handled immediately and in the order they are received and the clients should in principle be treated equally, cf. the Company's best execution Policy no. 0421 "Best Execution Policy" and prevailing laws and regulations.

CPS will take all reasonable steps to minimize potential conflict of interest between clients, hereunder aggregation orders or execute comparable client orders in the sequence received.



#### **4.2.2 Allocation in Investment Banking transactions**

Allocation principles in a public or private offerings of securities are prepared in cooperation with the issuers and may vary dependent on type of transaction. Normally, allocation principles are discussed with the issuer based on a proposal by CPS and finally determined by the issuer's management or Board of Directors prior to launch of the transaction. Allocations/allocation recommendations are prepared in accordance with these determined allocation criterias shall be objective and ensure equal treatment of investors and investor groups dependent on the transaction structure. The Investment Banking department may draw on input from the respective brokers which may include investor characteristics, however the specific allocation recommendations shall be made by the employees acting for the Issuer.

#### **4.2.3 Block trading**

Clients on both sides of a trade, i.e. one client is a purchaser and one client is acting as seller, could create a conflict of interest between the investor clients. The employees responsible for such trades shall in such cases ensure balance and neutrality in the relationship between the clients. Employees shall exercise caution in order to ensure that identical information is provided to all parties part of the trade and that the price set are fair taken into account the market, the security in question and the interests of the parties concerned.

#### **4.2.4 Conflict of interests between Investment Banking clients**

CPS' deal committee must approve all new Investment Banking assignments prior to the client receiving a draft mandate agreement. The deal committee is amongst other things evaluating conflict of interests among corporate clients and other set evaluation criterias, and may decline or approve any new proposed assignment at their own discretion.

### **4.3 Conflicts between CPS and clients**

#### **4.3.1 Own account trading as part of investment service activities**

The interest of a client shall take precedence over the interests of CPS in the event of CPS performing own account trading/proprietary trading. In the event CPS is selling financial instruments from its own portfolio, this shall be notified to the client when the order is entered into and be disclosed on the contract note. Conflict of interest may also arise whereof CPS as part of its investment service activities takes a position on its own account. Such investment need to be approved by the Credit Committee of CPS and only for a limited time frame. Own account investments in connection with investment service activities are very limited.

#### **4.3.2 Secondary trading in equities**

CPS earns remuneration from commissions computed from the value of the securities bought or sold, which may lead to a conflict of interest between CPS and the clients. Further information of the remuneration is set out in the document "Fees and Expenses" available on CPS' web site.

#### **4.3.3 Secondary market trading in bonds**

CPS earns remuneration from secondary market trading in bonds in the form of the price difference between the buyer and the seller which may lead to a conflict of interest between CPS and the clients. Overall remuneration shall reflect market terms and CPS has a cap level of remuneration that may be applied. In addition, in accordance with MiFID II, CPS is reporting the spread on all contract notes to the clients. Further information of the remuneration is set out in the document "Fees and Expenses" available on CPS' web site.



#### **4.3.4 Distribution of research reports**

A conflict of interest may arise in the event CPS is publishing a research report on a company in which CPS or CPS' employees hold an ownership. All holdings of CPS and its employees in financial instruments subject to research coverage are updated monthly and published on CPS' web site. In addition, holdings over 1% are disclosed directly in the respective research reports. CPS also has a policy in place preventing research analysts to own shares in companies they cover.

### **4.4 Conflicts between employees of CPS and clients**

#### **4.4.1 Own account trading by employees**

Employees' own account trading is subject to prior approval from Compliance. Compliance maintains a list of all employee's ownerships and interests and may decline or approve a request at their own discretion. No employee may trade against a client and any employee orders may only be executed after client orders have been executed.

#### **4.4.2 Employees' participation in business activities**

Employee's participation in business activities shall be pre-approved by Compliance. All employees have provided Compliance details of any business activities they are involved in, including private businesses and positions or participation in management or board work.

Compliance will evaluate on a continuous basis if the employee's participation is on conflict with CPS or CPS' activities or clients.

All employees must ensure that their personal interests do not interfere with the interest of the clients or CPS.

### **4.5 Conflicts within the CPS Group**

Conflicts may arise between CPS and its subsidiary CPS Inc. or any other companies within the Clarkson's Platou Group. CPS will pay special attention to ensure that such conflicts do not arise.

There are established separate committees throughout the Clarkson's Platou Group to avoid conflicts of interests. Known conflicts will be discussed immediately when arising.

## **5 Information to clients**

In the event of a material conflict, CPS shall disclose the nature and source of the conflict of interest to the client, including the measures taken to mitigate the risk of damage to the interests of the client, before undertaking the business on behalf of the client. Clients will only be notified in the event CPS considers that the procedures put in place to manage a particular conflict are not sufficient to ensure that the risk of material damage to client interests will be prevented. CPS will in such cases not complete a trade, perform its engagement or service before the client is informed about such material conflict.

**Clarksons Platou Securities AS**

Munkedamsveien 62 C

0270 Oslo

Norway

Tel: +47 22 01 63 00

Fax: +47 22 01 63 10

<http://securities.clarksons.com>